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1981/04/10



~~CONFIDENTIAL/NOPORN~~

OFFICE OF THE SECRETARY OF DEFENSE

WASHINGTON D.C. 20301

April 10, 1981

MEMORANDUM FOR B. C. EVANS
EXECUTIVE SECRETARY
CENTRAL INTELLIGENCE AGENCY

SUBJECT: Potential Munitions and Commodity Export Cases
with China.

As part of the ongoing review of U.S. policy with respect to China, DoD has been working with other government agencies to identify various categories of defense-related equipments which are under consideration for provision to China. (G/NF)

It is requested that the appropriate personnel at the Agency review this draft package and provide us comments on:

- a. Chinese need for materials described herein;
- b. the ability of the Chinese to pay for and/or use these materials; and
- c. expected Soviet reaction if the U.S. were to provide any or all of these items.

Any other comments you feel are germane to the general subject of such a relationship with the Chinese would also be appreciated. (G/NF)

A response by 1 May would be appreciated (if that is not reasonable, please let me know). (U)

H. Rixse
The Special Assistant

Attachment

DECLASSIFIED BY AUTOMATIC DECLASSIFICATION

04-20

21 APR 1981 93-812441

~~CONFIDENTIAL/NOPORN~~

DATE

CASE #

Spc Asst
9 APR 1981

X13803
SEC DEF CONTR No.

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED

AM 01 1 March 1961

Transit of 100 Chinese referred to DIA by Office of National Defense Control, Department of Defense

Chinese State Security

-SAC-

• Pending | 6 Referred to DIA for action (see
no closing)

-CSC-

no pending
no closing

1 no report, 20 December, 1960 USA

REF ID: A64656
CONFIDENTIAL//COMINT//REL TO USA//REL TO FRC

Ch. C. 1
National Defense

for OFFICIAL USE ONLY
Re: Strong PRC Report
PRC intercepts
SAC
DIA
CSC

No. 1
PAC
DIA
CSC

PRC intercepts

Report on Technical Data for Anti-Tank (AT) Licenses

Case No.	Date	Company	Description	Current Status	Comments
101074	7 Jun 80	P-970 Com., Inc.	AT-7000-2A, AT-7000-3A, AT-7000-4A, AT-8000-1A	Closed - No Objection	Approved 4 Sep 80
102234	4 Aug 80	Littman Equipment, Inc.	LTM-51/110 System Test Station	Closed - Objection	Disapproved
103111	3 Nov 80	MTCO, Inc.	MT-111 Computerized Test Unit Acuity Cartridge, etc.	Closed - No Objection	Approved 19 Jun 80
105143	20 Nov 80	Lockheed Aircraft Corp. Customer C-130	LR-10-11000 for Cargo and Transport Customer C-130	Closed - No Objection	Approved 19 Jun 80
106444	20 Nov 80	Quality Tire & Rubber Co. South Commerce Building	Tireless Imaging Radar System for Tireless Recovery	Closed - Objection by Applicant	None
107193	31 Mar 80	Socorro Helicopter	SOCORRO Helicopter	Closed - No Objection	Approved 1 Jun 80
108479	10 Apr 80	Spelcom	Teletown Comsat	Closed - Objection by OMC	Disapproved 10 Jul 80
109490	10 Apr 80	Varo	Comsat Satellite Antennae	Closed - Objection by OMC	Disapproved 10 Jun 80
107130	11 Apr 80	Supertel	Aircraft & Helicopter Maintenance Facilities	Closed - Objection by OMC	None by OMC
107194	25 Apr 80	Northrop	SE System Test Suite	Closed - Objection by OMC	Disapproved 10 Jun 80

List of Technical Data on File Concerning Interferometric Control

Case No.	Date	Subject	Comments	Current Status	Original Status
10711	26 Aug 60	General Dynamics Co.	Ground Surveillance Radar	Closed - in detection	Approved by DDCR
10712	6 May 60	Tradewings	MILAN Field Protective Radar	Closed - in detection by DDCR	Approved by DDCR
10713	6 May 60	Lear Siegler, Inc.	ONIUS multi mode Velocity Radar	Closed - in detection by DDCR	Approved by DDCR
10714	12 May 60	General Signal Corp.	Tech. Data for Alert on 11A/0 Terrestrial Transportable Air Surveillance Radar System	Closed - in detection	Approved by DDCR
10715	10 May 60	SPUR (Proprietary)	Aerospace Precision Automated Teaching System	Closed - in detection	Approved by DDCR
10716	20 May 60	B-Systems, Inc.	Tech. Data on 11A and 11B/SPUR-11A (THESE RADAR SETS)	Closed - in detection	Approved by DDCR
10717	13 Jun 60	Impeco Aircraft Co.	Tech. Data Technical Description of Automated Aerospace Control System	Closed - in detection	Approved by DDCR
10718	23 Jul 60	Gloster Co.	Tech. Data C-130 Instrument Flight Simulator	Closed - in detection	Approved by DDCR
10719	16 Jul 60	B-Systems, Inc.	On Manual Operation and Maintenance of Radio AF/SPUR-12 and other of Radio AF/SPUR-13 and others	Closed - in detection	Approved by DDCR
10720	7 Aug 60	Tronics Corp.	Structural Stress Planning Guide	Closed - in	Approved by DDCR
10721	26 Aug 60	McDonnell Douglas	Remote Launch Vehicle System	Closed - in	Approved by DDCR
			Technical Data - Specimenach 870	Closed - in	

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Case No.	Date	Subject	Comments	Description	Standby/Initial	One Day	Standby/Initial	Closed	Standby/Initial
P-17740	19 Feb 80	Dr. Dyer, Inc.		Ref / PDC-111 audio tape	Closed - no objection				
P-17742	19 Feb 80	Progressive Company		Ref / DDC-124 possible transmission	Closed - no objection				
P-17746	14 Mar 80	International Telephone & Telegraph Corporation		Ref / DDC-126 possible transmission, Ref / DDC-126 DDCI, CDR-001 PDC-001	Closed - no objection				
P-17754	27 Mar 80	International Telephone & Telegraph Corporation		Ref / DDC-126 possible transmission / Ref - 103	Closed - no objection				
P-17759	28 Mar 80	International Telephone & Telegraph Corporation		Ref / DDC-126 possible transmission	Closed - no objection				
P-17768	21 Apr 80	Wilson		Ref / DDC-126, 108	Closed - without objection				
P-17777	3 May 80	Medical Technology, Inc.		Allergan, Johnson & Johnson, and Allergen, Davis & Elkins, Teledyne Ald. 300 allude to ongoing the and in progress	Closed - no objection				
P-17786	8 May 80	Bell Telephone		Bell should start negotiations for crossed circuit configurations with the 68 P-700/FIC company involved a specific purpose to expand the 2187	Closed - no objection				
P-17797	14 May 80	International		Ref / DDC-126 phone fits	Closed - no objection				
P-17814	16 May 80	Teledyne, Inc.		Ref/ DDC-126 telephone system	Closed - no objection				

Temporary Survey of Major Components in Existing Concentration Camp - II

Case No.	Date	Location	Object	Description	Current Status of Disposition	Case Number
P-17643	26 May 60	Machine	PT-1146/AMC-164 Lamp Mount Radio, GM-1145 VIP Panel Repair Radio, GM-1145/AMC-164 Lamp Mount Radio	Closed - no Objection	Approved 11 Jul 60	
P-17644	26 May 60	Machine	AM/FMC-164 Radio Set with Short Antenna, PT-1154/PAC-40 Test Set Battery Charger - Four Nickel-Cadmium Batteries, and Technical Manuals	Closed - no Objection	Approved 11 Jul 60	
P-17645	27 May 60	Operations Room	AM/FMC-41 Vacuum Servo Position Set	Closed - no Objection	Approved 11 Jul 60	
P-17646	27 May 60	Operations Room	Lightweight Ground Surveillance Radio	Closed - no Objection	Approved 11 Jul 60	
P-17647	27 May 60	Operations Room	Interactive Display Terminal (IDT) Closed - no Objection	Closed - no Objection	Approved 11 Jul 60	
P-18017	17 Jun 60	Licton	HF Receiver	Closed - no Objection	Approved 18 Jun 60	
P-18018	17 Jun 60	Washline-Junction	AGS-100 Bunker Electro-magnetic Environment Simulator	Closed - Withdrawn by Application	Approved 18 Jun 60	
P-18020	9 Jul 60	Mobile Electronic Lab	Optical Ray Tracing-125 Computer and Display	Closed - no Objection	Approved 18 Jun 60	
P-18264	16 Jul 60	Tolson Ave	AB-40 Countermeasures Dispensing System	Closed - no Objection	Approved 18 Jun 60	
P-18265	23 Jul 60	Tolson Ave	Sight Violation Devices	Closed - Withdrawn by Order	Approved 23 Jul 60	
P-18337						

TEMPORARY LIST OF EQUIPMENT OR EQUIPMENT FOR NAMELESS DEMONSTRATION (SER-1) - LICENSED						
CASE NO.	REF ID	OWNER	DESCRIPTION	OWNER/PERM. STATED/LOCATED	CURRENT STATUS BILLED/FILED	DATE SERVED
Y-18733	12 Aug 80	Int'l General Corp.	Trucks, 1/4 Ton, 1000 lbs	Closed - No Objection	Open	14 Nov 80
Y-18733	12 Aug 80	Yercom	AD/AL-40 Countermeasures Display- ing System, UOC-137 Teleprinter Bell Model Magnetic Tape Control Model 8000 Fixed Record Communi- cation Terminal, REC-14 BASIC Model 9000 Night Observation Device	Closed - Partial objection - 3 Nov 80	Pending	
Y-18734	12 Aug 80	Varco	Model 9000 Starlight Scope	Closed - Withdrawn by GNC	Billed/Pending	
Y-18735	12 Aug 80	Varco		Closed - Withdrawn by GNC	Billed/Pending	Oct 80
Y-18831	17 Oct 80	Gates Learjet Corp	Gates Learjet 35A	Closed - None	Pending	
Y-19737	4 Dec 80	Computer Aircraft	AP/FPC-104 or REC-191 800 m Radion	Closed - No Objection	Open	6 Feb 81
Y-19738	13 Dec 80	Span International Inc	Auto Surveyor System	Open	Pending	
Y-19739	13 Dec 80	General Dynamics	PD-1134 Microcomputer System	Open	Pending	

ADVISORY OPINION ON SALES AND EXPORT OF EQUIPMENT

Case No.	Date Received	Company	Description	Contract/Project		Final Status
				Initial	Final	
OC-4113	11 Jun 80	Aviation Simulation, Inc.	GPS Computer Generated Image System for Flight Simulation Component for Helicopter Trainer	Closed - No Objection	PMA	Approved 4 Jun 80
OC-4114	19 Jun 80	Americo Electric Co.	Power Systems (including Control Panel and Spiral Actuator)	Closed - No Objection	PMA	Approved 4 Jun 80
OC-4115	21 Feb 80	Telosys Systems Inc.	Provenant Transducers	Closed - No Objection	PMA	Approved 4 Jun 80
OC-4116	21 Feb 80	Telosys Systems Inc.	IR/AR-123 Tactical Navigation Set for ARH Helicopter	Closed - Objection by DDC	PMA	Rejected 14 Jul 80
OC-4117	21 Feb 80	Boeing Corp.	CH-47 Chinook Helicopter	Closed - No Objection	PMA	Approved 30 May 80
OC-4118	19 Feb 80	Gulf & Western Inc.	Small Caliber Auto Manufacturing	Closed - Objection	PMA	Rejected 3 Mar 80
OC-4119	19 Feb 80	Batofab, Inc.	Generic Communications Equipment for Radar	Closed - No Objection	PMA	Approved 16 Apr 80
OC-4120	19 Mar 80	General Electric	Ground Based Radar	Closed - Objection by Application	PMA	Rejected 1 Jun 80
OC-4121	17 Mar 80	Ardin Corp.	IR/IRC-93 & IR/IRC-94 Frequency Selective Custo. Systems	Closed - No Objection	PMA	Approved 4 Jun 80
OC-4122	24 Mar 80	Westinghouse	TFB-41 Radar	Closed - No Objection	PMA	Approved 3 Jun 80
OC-4123	5 Aug 80	Westinghouse	Relocated Mobile Operation Center	Closed - Objection	PMA	Rejected 1 Aug 80
			by Request of AD/PD-11/P Radar			

UNITED STATES GOVERNMENT REPORT OF EQUIPMENT

Serial No.	Date	Category	Description	Status
OC-44126	22 June 60	Unexploded Ordnance	AM/708-61 Bomber	Open
OC-44127	22 June 60	Unexploded Ordnance	AM/708-61 Bomber	Open
OC-44128	22 June 60	Unexploded Ordnance	Mobile Tactical Reconnaissance Facility & Long Range Helicopter Photographic System	Closed - Be Objectives
OC-44129	22 June 60	Unexploded Ordnance	M148A2 Cargo Carrier & M151A2 Filter Recovery Vehicle	Closed - Will Detonate by CMC
OC-44130	22 June 60	Unexploded Ordnance	M-31 Truck Tractor	Closed - Be Objectives
OC-44131	22 June 60	Unexploded Ordnance	Engines for Aircraft or Military Vehicles	Closed - Will Detonate by CMC
OC-44132	22 June 60	Unexploded Ordnance	SCOUT Launch Vehicle	Closed - Will Detonate by Application
OC-44133	22 June 60	Unexploded Ordnance	L-131 Tug for P-2 [16] and P-2 [P] (Fokker) Twin Engine Transport Bomber	Closed - Will Detonate by CMC
OC-44134	22 June 60	Unexploded Ordnance	Bugle SOUND Helicopter	Closed - Be Objectives
OC-44135	22 June 60	Unexploded Ordnance	Cessna Citation aircraft, or Flying Service Laboratories	Closed - Be Objectives
OC-44136	22 June 60	Unexploded Ordnance	1000 Silver-Sulfide Storage Batteries	Closed - Be Objectives
OC-44137	22 June 60	Unexploded Ordnance	used on RIO aircraft	Closed - Be Objectives

TOTAL

Assessment Committee on Space and Strategic Defense

Serial No.	Date	Priority	Category	Description	Current Status	Comments
OC-4901	17 Jun 80	Normal	Operational	Anti-aircraft systems, terrain and fire control system	Closed - Withdrawn by DDCI	Planned review 27 Jun 80
OC-4904	4 Jul 80	Normal	Space and export of Airforce equipment		Closed - No Objection	Approved 22 Dec 80
OC-4911	4 Jul 80	Normal	C-130As		Closed - No Objection	Approved 21 Jul 80
OC-4914	4 Jul 80	High	MB-30 Aircraft Defense Radar		Closed - No Objection	Approved 24 Dec 80
OC-4915	24 Jul 80	Normal	133-300 Transport Transport		Closed - No Objection	Approved 13 Dec 80
OC-4949	25 Jul 80	Re-Call-O	Modernize their current inventory of tanks		Closed - Withdrawn by DDCI	Planned review 13 Aug 80
OC-4970	26 Jul 80	Re-Call-O	V-150 Armed Cars		Closed - Withdrawn by DDCI	Planned review 13 Aug 80
OC-5011	7 Aug 80	Higher Co.	Discussions on Dome Protection System		Closed - No Objection	Planned review 16 Sep 80
OC-5024	17 Aug 80	Normal	Tech Data on Spaceborne Meteological Sensors/Technology		Closed - Objection	Pending
OC-5040	21 Aug 80	Lower Priority	Bar and export of Altitude Heading Reference Systems to specific tactical fighter aircraft		Closed - Withdrawn	Planned review 16 Sep 80
OC-5049	22 Aug 80	Normal	Role and export of multiple purpose tactical laser equipment system (miles), training equipment		Closed - No Objection	Planned review 4 Dec 80

REF ID	ITEM	CHARGE	DESCRIPTION	STANDARD
OC-5045	17 Army 80 17 Army 90	17 Army	Portable 1000 Plotter/Printer	Closed - no action
	Brackets, Ground Launch Vehicle System, M-80		Brackets, Ground Launch Vehicle System, M-80	Closed - no action
OC-5107	70 Army 80 Army 80	70 Army 80 Army 80	Model 70A-114-2 Camera High Intensity Light Equipment	Closed - M114-2 by GNC
OC-5112	10 Army 80	10 Army 80	Air-Trac-170 Digital Processor Communication System	Closed - no action
OC-5114	8 Army 80	8 Army 80	Magnetic measurement & Treatment Facility	Closed - M114-2 by GNC
OC-5115	17 Army 80	17 Army 80	Laser Beam Generator	Closed - M114-2 by GNC
OC-5116	10 Army 80	10 Army 80	Military Photo-Interpretation System	Closed - M114-2
OC-5117	10 Army 80	10 Army 80	M108 Cargo Carrier	Closed - no action
OC-5118	8 Army 80	8 Army 80	Armored Infantry Fighting Vehicle	Closed - M114-2
OC-5119	10 Army 80	10 Army 80	M113 Armored Personnel Carrier	Closed - M114-2
OC-5120	17 Army 80	17 Army 80	Target Drone Helicopter	Closed - M114-2
				11

PRC Dual-Use Export Cases Referred to DoD by Commerce

Department

Unlike the procedures which govern Munitions Control, the request for a license under the Export Administration Regulations constitutes a request for authorization to ship the item, not to negotiate the sale. The exporter has already negotiated with the ultimate consignee and has a contract in hand. Except for the few cases wherein the applicant has requested an advisory opinion, there is an "order" already in hand which the export will fill.

Therefore while only some of the cases listed herein fall within the purview of the 4 September list, all but the first case listed are for items that an element or Ministry of the PRC has requested. Therefore the items in question are not "hunting" expeditions by U.S. industry.

It is also necessary to point out that Group 2 of the 4 September list relates to a line of Honeywell and Digital Equipment (DEC) computers plus a level of disc drives. The specific DEC computer listed is a militarized version of the very popular PDP 11/34. This system is not manufactured by DEC, but by the Mordin Division of United Technologies.

However the non-militarized version by DEC and computers of comparable or higher performance by other mainframe manufacturers were considered to be included or at least implied under Group 2.

James J. Hower
CAPT., USN
Assistant Director
for Technology Trade

PRC Dual-Use Export Cases Report To DOD

1 Sept - 9 October 1980

Appropriate Group and Category from 1 Sept to 4 Oct 1980

Approved by

OC Documents

<u>DATA NO.</u>	<u>VALUE</u>	<u>COMPANY</u>	<u>COMMODITY</u>	<u>REMARKS</u>
None	None (no stated cost value)	McDonnell Douglas	DC-9-80 licensed production- basic policy involved. Advice and guidance requested. (Joint cooperation in commercial transport aircraft production)	Approval in principle 31 Jan 80
NA	387592	\$ 26,000	GTE Sylvania	Demo of voice digitizer 17 Jan 80
NA	391199			
OC 6166				
N/A	399566	\$ 500,000	McDonnell Douglas Corp.	Specially designed parts and accessories for use in manufacture of aircraft Approval - 7 Feb 80
N/A	397026	\$ 6,517	Aerjilate Corp.	NICAM Optical Heads Approval - 6 Mar 80
NA	6190			
NA	373421	\$ 1,000,000	MOTRON Corp.	Establishment of a facility to manufacture ICs Approval with Provisions 22 May 80
Group 1	373438			
OC 6118				
OC 61411				
Col A	373438	\$ 1		

<u>ITEM NO.</u>	<u>VALUE</u>	<u>COMPANY</u>	<u>COMMODITY</u>	<u>REMARKS</u>
401637	Tech Data	Bell Helicopter	Components, accessories and TD for assembly of	Approval 1 May 80
411261	Tech Data			
401638	\$ 10,000,000			
401639	\$ 20,000,000			
OC 6188				
406733	Value not given	E.I. DuPont De Nemours & Co.	Technology to manufacture Chromium Dioxide Magnetic Tape	Denial - 10 Apr 80
OC 6188				
/A				
400721	\$ 100,000	McDonnell Douglas Corp	CDC Units for Multi-Axes Machines, Action III	Approval - 2 Ares Denial - 5 Ares 10 Apr 80
OC 6185				
372913	\$ 1,501,252	Geosport Inc.	20 Seismic Data Processing Systems with Array Processors	No objection with provisos - 18 Apr 80
372917	\$ 4,415,436			Still working out details with CDC with respect to traversability.
372920	\$ 7,273,921			
372921				
372925				
372926				
OC 6188				
372917	\$ 7,575	J M Company	Disk Packs (100 Mbyte and tape for use with indigenous computer	Approval of tape, limit denial of disk pack, until FRC identity and use/users - 24 Apr 80
372920				
372921				
372925				
372926				
428752	\$ 1,425,582	IBM World Trade Corp.	One IBM 4331 computer and one IBM 3590 distributed data system	No objection subject to conditions, 15 May 80
OC 6192				

<u>ITEM NO.</u>	<u>VALUE</u>	<u>COMPANY</u>	<u>COMMODITY</u>	<u>REMARKS</u>
197446 PC 6175	\$ 4,000,000	Asilomar Industrial Co.	IC Dice	Approved - 22 May 80
420368 PC 6195	\$ 443,345	Coometronics Inc.	Computer System for Uranium Exploration	Approved with proviso 7 August 1980
420369 PC 6195	\$ 10,479.54	Westinghouse Electric Co.	4 Axes CMC Unit, transport from UK	PRC List - 7 August 1980 Searched
420376 PC 6195	\$ 2,305,467	Burroughs Corp.	Burroughs B6810 Computer System for UN-Sponsored Information processing and training center	Approved - 7 August 80

OC DOCUMENTS

<u>DATA NO.</u>	<u>VALUE</u>	<u>COMPANY</u>	<u>COMMODITY</u>	<u>REMARKS</u>
411759 JIA OC 6186	\$ 40,000	General Electric	4 Area CMC Units, G.E. 1050 MC, temporary airport	<i>Refund</i>
<i>Refund</i> JIA OC 6186	\$ 480,497	Schlumberger Tech Corporation	Temporary export of a DEC/VAX 11/780	Awaiting clarifying statements from applicant <i>Refund</i>
<i>Refund</i> JIA OC 6186	\$ n/a	Digicon Inc.	Advisory Opinion on proposed export of DEC VAX 11/780 computer system for seismic processing	<i>Refund</i>
<i>Refund</i> JIA OC 6186	\$ 6298 \$ 161165 \$ 161165 \$ 161165 \$ 161165	Western Geo- physical Co. of America	IBM 3033 computer for oil exploration	US-owned and operated <i>Refund</i>
<i>Refund</i> JIA OC 6186	\$ 115,210.00	Digital Equipment Corp.	Export to Japan - VME graphic display with VT11 controller, request for advise and guidance	<i>Refund</i>

<u>ITEM NO.</u>	<u>VALUE</u>	<u>COMPANY</u>	<u>COMMODITY</u>	<u>REMARKS</u>
336465 DC 6212	\$ 15,210.00	DIGITAL Equipment Corp.	Report from Japan - VT17 graphic display with VT11 controller, request for advice and guidance	Approved Signature & Date V. Tsigas
43711 OC 6212	\$2,371,592.00	Sperry World Trade	Loan of Univac 1100/11 computer systems for "Joint Project" and maintenance training of PRC Personnel	

TECHNICAL DATA

<u>SIR NO.</u>	<u>VALUE</u>	<u>COMPANY</u>	<u>COMMODITY</u>	<u>REMARKS</u>
μA 306491	\$ 0 stated Cost value	United Technologies Corporation	Tech Data for manufacture of selected components of Pratt and Whitney of Canada PT6T-6 turboshaft aeroengine.	No objection as long as release is limited to PT6T-6 engine as requested - 6 Mar 80
μA 407217	\$159,000,000	Aluminum Co. of America	Tech Data, construction, operation, 3 aluminum smelters, Alcoa 697 pot cell design including ancillary facilities	No objection 25 Feb 80
μA 408742	\$ 2,000,000	Union Oil Co. of California	Tech Data - Design, construction and operation of unicracking hydrocracking unit	No objection 3 Jan 80
μA 413024	\$ 5,000,000 (net)	Asia Budget	Tech Data - Engineering design, construction, operation and maintenance of plant to hydrotreat naphthalene and produce phthalic anhydride from desulfurised naphthalene	No objection
μA 413103	\$159,000,000	Aluminum Co. of America	Tech Data - Bauxite and Lime stone mine and an alumina refinery plant	No objection 11 Apr 80
μA 413012	\$ 1,000,000	Union Carbide Corp	TD for purification of hydrogen using pressure swing absorption system	No objection 18 March 80

<u>ITEM NO</u>	<u>VALUE</u>	<u>COMPANY</u>	<u>COMMODITY</u>	<u>REMARKS</u>
420112	\$ 212,000	Allied Chemical Corp.	Tech Data - construction, operation and maintenance of gas purification plant for removal of acid gases.	No objection 7 Apr 80
420901	\$ 315,000 (approx)	McGraw-Hillson Co.	Tech Data - Manufacturing drawings, design, procedures, manuals, specs, training, production of industrial and commercial electrical power shunt capacitors	No objection 9 Apr 80
421001	\$ not yet negotiated	Rohm & Haas Co.	Tech Data for production of acrylic emulsion polymers	No objection 19 Mar 80
421000	\$ not yet negotiated	WABCO Construction and Mining Group	Tech Data - Construction of structural components of off-highway trucks in 120 and 170 tons capacity and final assembly	No objection 21 May 80
420750	\$ 25.00 (Reproduction cost of drawings)	Sperry Corp.	Manufacturing drawings, specs, and test data relating to heavy machinery portion of Sperry Gyrofin Ship Stabilizer	No objection 29 April 80
424314 424315 424316 424317 424318,19	\$ 6,000,000	Shell Development Company	Tech Data - geophysical data offshore including maps	No objection 7 Apr 80

<u>BTR NO.</u>	<u>COMPANY</u>	<u>COMMODITY</u>	<u>REMARKS</u>
PA 414745	\$ 50,000 Bentfield Corp.	Tech Data for removing carbon dioxide/hydrogen sulfide from synthesis gas	No objection - 21 Feb 80
PA 414903	\$ not applicable	Tech Data for construction of a facility to produce Coca Cola	No objection - 24 Jun 80
PA 415628	\$ 120,000 plus royalties	Tech Data for production of Model 1151 electronics pressure transmitters	No objection to release of basic tech data 14 Apr 80
PA 416780	\$ not stated	Singer Co.	No objection - 4 Mar 80
PA 416953	\$ not applicable	Allis Chalmers Corporation	Blueprints, mechanical drawings, and material specs for proposed package for tractor parts
PA 418443	\$ 700,000 Davy McKee Corp.	Tech Data feasibility study for expansion of Chiao and Hsue gold and silver mines, benefaction plants and recovery plants	No objection - 14 Feb 80
PA 418990	\$ 4,000,000 American Cyanamid Company	Tech Data - Titanium dioxide plant and waste treatment plant	No objection - 22 Apr 80
PA 417810	\$ 850,000 G.R.	Drawings, specs, assembly, test	No objection - 30 Jun 80

b training/manuf. or TV reflection

<u>ITEM NO.</u>	<u>VALUE</u>	<u>COMPANY</u>	<u>COMMODITY</u>	<u>REMARKS</u>
410157	\$ 25	Sperry Corp	Specs and drawings related to a Sperry MKJ7 and Mod 1	No objection - 7 Jul 69
420944	\$ 3,000.000	G.E.	Drawings, Specs, assembly, tests and training related to assembly of black and white TV cameras and chassis	No objection - 3 Jul 69
PA 432276	100,000	Sperry Corp.	Drawings, process sheets, specs, quality control and test procedures relating to production of a series of industrial hydraulic control valves	No objection - 17 Jul 69
PA 437959	\$ no cost value	Sperry Corp.	Request for quotation for manuf. of small vessel autopilot Sperry Model BT	No objection - 10 Jul 69
PA 440263	\$ no stated	Garrett Corp.	Request for quotation to manuf. parts in PRC on environmental control systems on Boeing 707, 737, 474, 767 model aircraft	No objection - 31 July 69
PA 445275	\$ not applicable	Keron Corp.	Set of drawings for Keron Model 1300 copying machines	No objection - 11 Aug 69
PA 506158	\$ n/a	Hughes Tool Co.	Drawings, specs to produce core type rock bits	No objection - 28 Aug 69

TECHNICAL DATA CASES

<u>STR MO.</u>	<u>COMPANY</u>	<u>VALUE</u>	<u>COMMODITY</u>	<u>REMARKS</u>
43276	Sperry Corp.	\$ 300,000	Manufacturing drawings, process sheets, etc, industrial hydraulic control	No objection 10 July 80
440528	WEAN United Inc.	\$ 5,308,000	TD to galvanizing line, coil painting line and roll forming line associated with cold rolling mill steel plant	Received 13 Aug 80 No objection 6 September 80
501627	Hughes Tool Co.	\$22,500,000 Plus royalties	Know-how, Int., tech assistance and training production and use of oil field rock bits	Received, 30 July 80 Comparable to Direct case for USGA
506358	Huges Tool Co.	\$ n/a Royalties to be paid	Drawings, specs to produce carb type rock bits	Received 8/7/80 Closed by Dr. Carlson

BTR NO.	COMPANY	WAIVER MEMOS		REMARKS
		VALUE	COMMODITY	
384923 W-1375	3 229,640 Cannateau- Gasho Inc. (USA)		Manufacturing equipment for ICA	Deny Waiver Model 701 Approve PWS 500 20 Jan 80
404739 W-1354	3 4,565 Hewlett Packard		Scope and Probe	No objection - 10 Mar '90
405981 W-1362	3 108,125 Laser Analytics Inc.	198,960	Laser source spectrometer	No objection from technical standpoint, however for USSR should be reviewed after redefinition of procedures 10 Mar 80
406864 W-1371	3 15,000 IBM Corp.		Scope	No objection - 7 Feb 80
409790 W-1378	3 71,680 Keltlley Instruments Inc.		Digital Multimeter	No objection - 14 Feb, 1980
407104 (RCC) W-1382	3 96,105 417563 (PRC) W-1384	31,799	Geometrics Inc. Magnetometer	No objection - 17 Feb 80
411497 W-1384	3 41,200 Burleigh Instru.		Demo of PCL Laser	No objection - 13 Mar 90

<u>ITEM NO.</u>	<u>VALUE</u>	<u>COMPANY</u>	<u>COMMODITY</u>	<u>REMARKS</u>
424915 W-1406P	\$ 435,250	IBM World Trade Corp.	Export of IBM 370/110 Computer System	No objection with provisions - 13 Jun 60
433368 W-1400	\$ 11,160	Hewlett-Packard	Microwave TWT amplifiers	No objection - 29 May 60
195944 W-1402P	\$ 182,300	Digital Equipment Corp.	Report from Hong Kong - FOB 11/34 computer system with R101 disc drive and UR 17 graphic display	Approved POP 11/34 denied graphic display 10 Jun 30
420111 W-1403	\$ 107,554	EG&G Geometrics Division	Magnetometer Systems	Approved - 25 Jun 60
✓/A 432559 W-1403	\$ 10,420	RCA	Photomultiplier Tubes	Approved - 21 May 60
✓/A 437929 W-1410	\$ 28,000	Hewlett-Packard	Cesium Beam Frequency	Approved - 25 Jun 60
✓/A 439268 W-1421	\$ 21,000	EG&G	Spectroradiometer System	Approved - 25 Jun 60
✓/A 441088 W-1431	\$ 16,500	Fluke Int'l	Counter	Approved - 10 Jul 60
✓/A 406180 W-1380P	\$ 46,120	Hewlett-Packard	Calculator with Frequency	Approved - 10 Jul 60
✓/A 447116 W-1433	\$ 10,157	RCA	Photomultiplier	Approved - 16 Jul 60

The two RCA conceptual photomultiplier tube
are commercial precision research grade.
The two vacuum types shown are being used
in these tubes relate to negotiations and are not
really concept studies. Source W.

WAIVER MEMOS			
<u>ITEM NO.</u>	<u>VALUE</u>	<u>COMPANY</u>	<u>COMMODITY</u>
<i>✓ A 353693 M</i> M-11113	\$ 68,000	General Electric	4 ea. EG 1050 MCL CMC units with parts and accessories
<i>✓ A 420630 M</i> M-1390P	\$ 5,251,000	MTS Systems Corporation	Aircraft structural loading and Data Acquisition Systems
<i>✓ A 401134 M</i> M-1392P	\$ 311,298	Perkin Elmer Computer Systems Div.	Model 8/32 computer system with 300 Mbyte disc drives
<i>✓ A 390677 M</i> M-1401P	\$ 27,763	Tektronix Inc.	Tektronix Graphic Terminal
<i>✓ A 426906 M</i> M-1412	\$ 116,812	Haddan Inc.	
<i>✓ A 440964 M</i> M-1415P	\$ 15,600	Citation Computer Systems	Intel Microcomputer development system request for advice and guidance
<i>✓ A 434603 M</i> M-1416P	\$ 25,000	Acoustic Technology Corp.	Acoustic Emission Test System
<i>✓ A 415865 M</i> M-1424P	\$ 4,000	Crossaco International Inc.	Single card computers
<i>✓ A 416959 M</i> M-1425P	\$ 45,000	General Telephone & Electronics (GTE)	Proposed demo of a GTE-120 PBX

No objection -
8 October 89

No objection -
1 August 89

<u>STR NO.</u>	<u>VALUE</u>	<u>COMPANY</u>	<u>COMMODITY</u>	<u>REMARKS</u>
442915 W-1429	\$ 16,000.000	Douglas Aircraft Corporation	Sonic tools (Master tools) used in production of the DC-9-80	No objection - 17 September 80
164225 164226 164231 164234 164237 164238 164239 164232 W-1438	\$ none	Geophysical Services	Seismic Exploration w/cond. 17 September 80	
446051 W-1435	\$ 21,156	Pluto Int'l	Calibrator	
435942 W-1441P	\$ 10,000	IBM World Trade	Maintenance device for IBM disc storage	No objection - 8 September 80
443860 W-1444	\$ 167,492	Apollo Laser, Inc.	Ruby Holographic Laser and Camera System	No objection - 8 September 80
3 W-1449 16066	\$ 11,200	Infrared Assoc. Incorporated	Infrared detector	Additional info requested - 8 September 80

*Revised and re-submitted
Information needed
about w/cond.*

<u>ITEM NO.</u>	<u>COMPANY</u>	<u>COMMODITY</u>	<u>REMARKS</u>
431632 A 412613 -1447	\$ 16,420 BIP Sales Corporation	Infrared radiation detection equipment	No objection - 23 September 60
302631 502632 502634 502636 502706 W-1452	\$ 65,000 approx. Analog Devices	Various converters, etc.	
429195 W-1457	\$ 158,750 7,900	Systems, Science and Software	No objection - 29 September 60
506128 W-1458	\$ 11,125	Hewlett-Packard Oscilloscope	

<u>BTR NO.</u>	<u>VALUE</u>	<u>COMPANY</u>	<u>COMMODITY</u>	<u>REMARKS</u>
NA 478961	\$ 12,919	Raytheon Company	Electron tubes, machlett tubes, water, jacket, O-ring gaskets	No objection - 8 July 60
BA 61600	\$ 16,969.39	Varian Corp.	Parts for Varian 620L-100 System	No objection - 16 July 60
BA 61600	\$ 72,655	Electronic Associates, Inc.	RAI 2000 analog computer	No objection - 10 July 60
BA 61600	\$ 21,463	Hewlett-Packard	Spectrum analyzer	No objection - 11 Aug 60
BA 61600	\$ 210,000	Renton Corp.	Air Traffic control processing and display system, low noise amplifier	No objection soon - 11 Aug 60
NA 611164	\$ 1,125	Linco Selendle Optical mirrors		No objection - 15 Aug 60
NA 447133	\$ 2,017	Matlanaal Semiconductor Corporation	LM4250	No objection - 25 July 60
NA 447962	\$ 2,970	EG&G	550 radiometer system and accessories	No objection - 23 July 60
NA 500691	\$ 1,348,417	Amplex Int'l	Videotape recorders reproducers	No objection - 25 July 60
BA 505711	\$ 129,500	Digital Equipment	1 PDP 11/34 computer system	No objection - 26 Aug 60

*Test equipment for 11/34, 11/36, 11/38,
and other Group 3 or 6*

STK NO. 505757 DATE 12/16/86 AMOUNT \$4,677.00
COMPANY Hewlett-Packard COMMODITY Spectrum Analyzer
SHARES APPROVED - 26 Aug 86

ITEM NO.			COMPANY	COMMODITY	REMARKS
ITEM NO.	VALUE	ITEM NO.			
15034 II-VI Inc.	\$ 101,715	11-VI Inc.	Cylindrical grinder, wafer edge grinder, silicon wafer grinder	No objection 24 September 80	
1A 441962	\$ 16,000	MEAM United Incorporated	DEC PDP 11/04 computers w/28K of core memory	No objection 6 September 80	
1A 411141 AM.	\$ 220,339.10	Canberra Industries	Added to include teletype, print head, Fortran programming language to Fortran IV	No objection 13 August 80	
1A 502292	\$ 1,366	RCA	VTR 250 cassette video recorder	No objection 31 July 80	
1A 504691	\$ 1,950.00	Kentman Kout Co.	Film	No objection 8 September 80	
1A 423553	\$ 11,790.00	Solartron	CPU, LSI, FLOPPY DISC, decurler, diskettes	No objection 10 September 80	
1A 447132	\$ 1,217.00	National Semiconductor Corporation	Translators		
1A 444790 AM.	\$ 20,000.00	Control Data Corporation	Spare parts for CDC Cyber 18-20 computer system	Prefer to that 8 September 80	

ITEM NO.	VALUE	COMPANY	COMMODITY	REMARKS
A 506153	\$ 2,187.00	Analog Devices Inc.	Converters	
A 507140	\$ 714.00	Eastman Kodak Co.	High Definition Serial file	Deny - 2 Oct 60

<u>STK NO.</u>	<u>COMPANY</u>	<u>COMMODITY</u>	<u>REMARKS</u>
505711	\$ 129,500 Digital Equipment Corp.	1 RDP 11/34 computer system with associated spares, supplies, and software	No objection - 26 Aug 80
504701	\$ 1,056.87 Laser Precision Corporation	Energy ratiometer, probe	No objection - 27 Aug 80

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<u>ITEM NO.</u>	<u>VALUE</u>	<u>COMPANY</u>	<u>COMMODITY</u>	<u>REMARKS</u>
401050 CM 2188	\$ 4,215	Texas Instruments	Demo of portable terminal incorporating bubble memory device	Denial - 7 Jan 80
406070 470691 389819 (USSR) CM 2221	\$ 10,890 28,098 54,812	Horland Corp.	Horland Model 3001 processing digital oscilloscopes	No objection - 28 Jan 80
408927 CM 2257	\$ 245,810	Digital Equipment Corporation	DEC PDP 11/34 computer w/RK07 disc drives	No objection provision software is minimum required to support user use - 14 Jan 80
405594 CM 2263	\$ 700,000	Grant Geophysical Corporation	Seismic data processing system with array transform processor	No objection - cancel with DOC - 21 Feb 80
406396 410648 CM 2304	\$ 54,000 20,000	Mohawk Data Sciences Corp.	2 HDS 21/50 multiple application processing systems	No objection - 10 Mar 80
411826 CM 2307	\$ 56,835	Hewlett-Packard	HP1000 Model 30 computer for use in a C-100 Planicomp stereoplottng system	No objection - 10 Mar 80
420216 CM 2321	\$ 54,000	IBM World Trade Corp.	Service (Customer) engineering education on IBM Series I Computer Systems (Tech Data)	No objection - 22 Feb 80

<u>BTR NO.</u>	<u>COMPANY</u>	<u>COMPONENT</u>	<u>REMARKS</u>
420217 CM 2327	IBM World Trade Corp.	Customer Engineering Education on IBM 4331 Computer System (Tech Data)	No objection provided to understate this will not prejudice US position on hardware - 11 Apr 80
991645 CM 2343	Sackman Assoc.	Model 4047A disc drive, printer and accessories for use with PRC computer	No objection provided to tech data is limited to standard operation and maintenance info 22 Apr 80
419923 CM 2345	\$11,600,000	Aluminum Co. of America	No objection - 22 Apr 80
421514 CM 2357	13,318	Colorado Video Inc.	No objection - 5 Jun 80
37328 CM 2359	110,762	Burroughs Corp.	No objection - 14 May 80
366452- 366457- 366468- CM 2363	45,600 15,200 45,600	MANG Labs Enhancement of computer systems with MANG 2263V disk drives	No objection - 25 Jun 80
429821 CM 2368	379,500	ASKA AB Sweden	Report from Sweden - 3 ModComp's computer systems for use in Electric Power Distribution

<u>ITEM NO.</u>	<u>VALUE</u>	<u>COMPANY</u>	<u>COMMODITY</u>	<u>REMARKS</u>
100-210	\$ 11,255	MANC Labs	Demo of MANC Computer Equipment	No objection - 14 May 80
100-2155	\$ 11,544			
100-2155	\$ 123,739	Electronic Associates Inc.	EAI 2000 Analog/Hybrid Computer System	No objection - 3 July 80
100-2159	\$ 99,303	Perkin-Elmer	Enhancement of DS-164 computer (PRC Origin) with tape units	No objection - 29 April 80
100-2160	\$ 37,992			

COMPUTER MEMOS					
<u>BRA NO.</u>	<u>VALUE</u>	<u>COMPANY</u>	<u>COMMODITY</u>	<u>REMARKS</u>	
188139 (PRC)	\$ 132,620	Dunegan Endevco	Computerized Source Location	No objection - 19 September 80	
390788 (PRC)	\$ 132,620		Systems (Acoustic Emission Monitoring Systems)		
420467 (PRC)	\$ 262,748				
417304 (Hungary) CM 2341					
4119601 CM 2367	\$ 1,363,813	IBM World Trade	One IBM 4331 and 2 IBM Series computers		
430289 CM 2390	\$ 10,300	Chow Yang Co. El Cerrito, CA	Microcomputer parts and accessories		
434442 CM 2391	\$ 3,000,000	Heath Company Intl Division	2000 sets of HP89 digital computer w/HP 89/H-8-21 disk drive operating systems with Microsoft basic	No objection - 10 September 80	
501007 CM 2395	\$ 106,400	Sachman Assoc.	Parts and components for Nova 4/X Computer used in testing construction material	Requested add'l info 25 July 80	
991909 CM 2414	\$ 1,100,000	Canadian Tabacay	Report from Canada - Computer Systems for Processing Geological data	No objection - 17 September 80	
422794 CM 2341	\$ 260,000	Digital Equipment Corp.	Export of PDP 11/34 computer		

<u>ITEM NO.</u>	<u>VALUE*</u>	<u>COMPANY</u>	<u>COMMODITY</u>	<u>REMARKS</u>
SD 4079 CM 2435	\$ 7,168	Argonne Lab.	Computer and related equipment for Institute for High Energy Physics	No objection - 12 September 80
DA 5d1795 CM 2421	\$ 70,585	Kennedy Co.	Model 9300 tape drives, 9218 formatters No objection - to enhance Command line A computer system with conditions 18 August 80	
DA 414077 CM 2445	\$ 105,591	Texas Instruments	Computer System	No objection - 21 September 80
DA 435010 CM 2418	\$ 162,050	Wang Labs	Wang Computer with High EBT	Concur with Commerce 21 September 80
DA 440002 CM 2460	\$ 85,000	Digital Equip- ment Corp.	PDP 11/04 systems with RL111 RL01 disc controller drive	No objection - with conditions 8 October 80
DA 442634 CM 2464	\$ 100,000	Digital Equip- ment Corp.	PDP 11/34 16 bit CPU with with 2.1 Mbytes semiconductor memory	
DA 445616 CM 2446	\$ 160,000	Systems Tech. Int'l Inc.	DEC PDP 11/34 CPU with RL02 and CAMAC Interface	
SD 1986 CM 2417	\$ 149,230	ICA	2 NOVA 4/r Computer systems	No objection - 21 September 80

BTR NO.	VALUE	COMPANY	COMMODITY	REMARKS
503731 CM 2441	\$ 9,680	Taching Import		Proposed denial of IL 1529 equipment
503796 CM 2462	\$ 276,105.00	Burroughs Corp.		Demo of Burroughs Computer System
505371 CM 2641	\$ 8,153.79	Geospace Corp.		Spare parts for AGC C 1704 satellite digital computer processor

EQUIPMENT THE PRC HAS EXPRESSED INTEREST IN -
NO MONITORING LICENSE APPLICATIONS SUBMITTED
(as of 24 Feb 1981)

<u>EQUIPMENT</u>	<u>U.S. COMPANY</u>
COMSEC Gear	Technical Communications Corp.
OTR Radar	General Electric
Domestic Communications Satellite	Hughes Aircraft
Night Viewing Devices (all types)	Venue, Vato, ITT, et al
TPS-59 Radar	General Electric
Aircraft Engines and Accessories	Pratt-Whitney & GE
Inertial Navigation System (LTK-51)	Littton



~~SECRET~~

OFFICE OF THE UNDER SECRETARY OF DEFENSE

WASHINGTON, D.C. 20330

6 March 1981

RESEARCH AND
ENGINEERING

MEMORANDUM FOR ACTING DEPUTY UNDER SECRETARY (INTERNATIONAL PROGRAMS AND TECHNOLOGY)
DEPUTY ASSISTANT SECRETARY (EAST ASIA & PACIFIC AFFAIRS),
INTERNATIONAL SECURITY AFFAIRS
OFFICE OF GENERAL COUNSEL (INTELLIGENCE, INT'L & INVESTIGATIVE PROGRAMS)
DEFENSE INTELLIGENCE AGENCY (ASS'T VICE DIRECTOR FOR SCIENTIFIC & TECH INTELLIGENCE)
DIRECTOR FOR FAR/MIDDLE EAST/S HEMISPHERE AFFAIRS (DOSD/IP&T)
ORGANIZATION JOINT CHIEFS OF STAFF (JS - FAR EAST/SOUTH ASIA DIV)
DEPARTMENT OF THE NAVY (OP-52)
DEPARTMENT OF THE AIR FORCE (CVAIP)
EXECUTIVE OFFICER, OUSDRE

SUBJECT: PRC MIG-21 Engine Overhaul-Coating Request (S)

(U) On 2 March 1981 (13:25-15:31) I received a phone call from Mr. Lennox E. Black, President of Teleflex, Inc. (parent company of Sermelloy, Inc.). Mr. Black stated that the Chinese (PRC) had told him that the Chromalloy American Corporation had recently received approval from the USG to coat three Chinese MIG-21 aircraft engines with their special ceramic-metallic oxide coatings, and that once coated, the engines were to be returned to the PRC for Chinese test and evaluation.

(U) Mr. Black further indicated that the Chinese would like for his company to likewise coat seven other MIG-21 engines using the Sermelloy-J process. Sermelloy would, like Chromalloy, also return the engines back to China for their test and evaluation. He asked if the Chinese statement was true; and if so, would his company receive the same treatment? I remarked that I would look into the situation and that all companies would be treated the same.

(U) LtC B. K. Meiser, Director, Munitions Control Staff of my Office, reviewed all DoD cases for the PRC and also contacted the Office of Munitions Control (OMC) at State to see if they had either received or approved any such license for the PRC. Neither OUSDRE nor OMC files revealed any such license application or resultant approval. Mr. W. Robinson, Director of OMC, did indicate to LtC Meiser, however, that he had heard there might be such an application forthcoming shortly. Under the present guidelines as noted in Newsletter 81 and subsequent interpretations thereof, license applications of this type cannot be approved. Mr. Robinson further stated that he would either disapprove or return without action (RWA) all such applications.

(U) At my request, Mr. Robinson indicated he would not disapprove or RWA such license applications until we had the opportunity to discuss them in detail. He was also asked to immediately inform us and his superiors whenever the Chinese, Chromalloy or Sermelloy/Teleflex do submit applications for this purpose.

CLASSIFIED BY: DOSD(IP&T)
DECLASSIFY ON: 6 Mar 1987

~~SECRET~~

DECLASSIFIED BY AUTHORITY OF
OSD

21 MAY 98 93-F-2441
DATE

~~SECRET~~

(C) The primary rationale for requesting OIC/State to delay immediate adverse action on these licenses is because of the potential opportunities they provide the new administration. If approved, they would allow the U.S. to cautiously move into a moderate but closer defense relationship with the Chinese; and it would provide the type of technical assistance they have repeatedly emphasized they need with respect to their interceptor aircraft.

(U) Approval in this instance is obviously a major policy decision, and not simply an operational or technical one, even though the number of engines involved is small and the objective is simply to coat the engines, not transfer the technology. For your information, U.S. companies have set up similar coating facilities in both Western European and East Asian (e.g., Japan and Malaysia) countries, and could be approached by the Chinese to perform the same service.

(C) There are, of course, other potential benefits to the U.S., not the least of which would be the excellent opportunity to exploit the Chinese engines for technical intelligence purposes. If considered appropriate, arrangements could probably be made for the U.S. to assist the Chinese in a joint test and evaluation program. This would be extremely helpful to us if proper test controls and conditions were followed and we had access to all of the test results.

(C) An advantage to approving this type of license application is the fact that only the result (or product) of U.S. technology would be exported. Neither the production know-how nor a process-line type of capability would be exported. Of itself, it potentially opens up for consideration other U.S. services which might be made available to help the Chinese improve their overall tactical posture. At the same time, however, this approach would have the PRC dependent upon the U.S. for future services, unless of course, later USC decisions permitted the technology and process equipment to be exported. Providing only services has other advantages as well. It is, for example, much less dramatic and provocative vis-a-vis the USSR, and is consonant with the step-by-step approach to improving US-PRC relations agreed to during earlier meetings with the Chinese. It would most likely require consultations with our COCOM allies, however, as well as a revision of existing guidelines.

(C) The potential disadvantages of approval are those associated with any closer defense relationship with the Chinese. In addition, the Chinese could convey the results of their tests and evaluations to the USSR. The net benefits to China of their doing so are less obvious, however.

(U) This does appear to be one of the more unique opportunities available to move towards a closer US-PRC relationship. It would also start things moving again vis-a-vis the PRC. It appears to have very limited risks for our own security, and does have other side benefits. It must be a conscious move on our part, however, and should be taken only after the relative risks and benefits have been evaluated by OSD, OJCS and the Services.

(U) Your comments and guidance on what action to take regarding the above-mentioned cases are requested.

Francis B. Kappeler
Francis B. Kappeler, Director
Military Technology Planning

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THE UNDER SECRETARY OF DEFENSE

WASHINGTON, D.C. 20301

RESEARCH AND
ENGINEERING

24 FEB 1981

MEMORANDUM FOR THE SPECIAL ASSISTANT TO THE SECRETARY AND DEPUTY SECRETARY
OF DEFENSE

SUBJECT: Status Report on PRC Munitions and Commodity Export Cases

As requested, please find attached the following items by tab:

TAB A - PRC munitions cases referred to DoD from 1 January 1980 to
20 January, 1981 by the Department of State
3 March

TAB B - PRC Commodity Control export cases referred to DoD by the Department
of Commerce from 1 January to 9 October 1980

TAB C - Military equipment the PRC has expressed strong interest in but for
which no munitions license applications have been submitted

The updated munitions list (Tab A) should ^{not} be considered a draft as the
Department of State is still in the process of verifying the status of each
case and adding new cases to the list which have come in since 21 January 1981.
As of 20 January, a total of 102 munitions cases have been referred to DoD by
State, and we estimate that approximately 20 additional munitions license
applications have been received since President Reagan's inauguration. All
of these applications will be shown in our 1 March update. Due to an extremely
heavy case load, the Office of Technology Trade has been unable to update the
list of dual-use items covered by the Commodity Control List (CCL). Unless
directed otherwise, we will ask that a complete list of PRC requests for items
on the CCL be sent to the CIA by the Office of Export Administration (OEA) of
the Department of Commerce.

It should be realized that without holding detailed discussions with all of
the U.S. industry representatives doing business with the PRC, there is no
realistic way of knowing precisely everything the Chinese may wish to export
from the U.S. Rather than risk outright disapproval by the U.S. Government,
the Chinese typically try to get U.S. companies to seek an advisory opinion
from the U.S. Government as to whether or not a particular request will be
approved prior to making formal application. For your information, of the
102 munitions cases received from State, nine are still open (i.e., pending)
and 93 have been closed. Of the 93 closed, 50 were approved, four were dis-
approved, 31 were withdrawn and eight were Returned Without Action (RWA).
Almost all of the 39 cases either withdrawn or RWA would have been disapproved
by DoD. The export of the SCOUT Space Launch Vehicle was one such RWA case
we would have strongly disapproved of because of its strategic potential as
a Chinese ICBM.

The Chinese have expressed very keen interest in a number of military items which are either expressly prohibited by current U.S. policy or are not in the categories of equipment permitted for export by Munitions Newsletter #81. The major examples include their specific requests for anti-tank weapons, over the horizon (OTH) radar and for U.S. assistance in improving their F-8 interceptor aircraft, including fire control and inertial navigation systems, ECM gear, etc. We have also informally learned of a number of PRC inquiries for munitions items which neither the Chinese nor U.S. industry have officially requested permission to export. Examples of these are noted at Tab C.

By way of additional background, Dr. Frank Kapper, Director, Military Technology Sharing, OUSDRE did, with Dr. Dinneen's approval, meet with Mr. Charles Neuhauser, Assistant National Intelligence Officer (NIO) for East Asia (now Acting NIO) on 1 July 1980. The purpose of his meeting was to both give and receive information which would be helpful to the CIA on the one hand and to the USDRE during his September visit to China. Mr. Neuhauser was provided copies of all MFR's which documented the meetings with Mr. Liu Huqing and Vice Premier Geng Biao. In addition, the CIA was provided the then most recent copies of the list of munitions and dual-use export cases that had been referred to DoD by the Departments of State and Commerce. Mr. Neuhauser was also given copies of all PRC wish lists including the one given to Dr. Dinneen by Mr. Liu on 6 May 1980. Also provided was a copy of the 3 June 1980 "Summary of United States Department of Defense Positions on PRC Requests for Military Support Equipment". This is the a-b-c category list which identifies items we would consider for export (a); items we felt we needed more information on (b) and items we said we would not consider for export (c). Mr. Neuhauser stated he had accompanied Secretary Brown on his January 1980 trip to China and had also been designated as the CIA focal point for all activities relating to China. A copy of Dr. Perry's trip report on his visit to China was also provided to the CIA.

In short, the CIA in the person of Mr. Neuhauser has already been provided extensive background information on what our earlier discussions with the Chinese were and also on those items which the PRC had expressed specific interest in. CIA also has representation on both the Technical Advisory Committees (TACs) and on the Operating Committee (OC). More specifically, Mr. George Schember of CIA is a non-voting member of the interagency Operating Committee, which is chaired by the Department of Commerce. Mr. Schember serves as the interface for both State and CIA on export license requests for all proscribed countries. As a result of a recent CIA-Commerce agreement, he also has access to any information required by his Agency.

USD P

F. Kapper


Walter B. LaBerge
Acting